

Message Text

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PAGE 01 DACCA 01774 241625Z
ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 EA-10 PA-01 IO-13 L-03 H-01
AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-10
NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 LAB-04
SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01 EUR-12
/124 W

-----121570 241659Z /14

R 230800Z MAR 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 8566

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E.O. 11652: N/A
TAGS: EGEN EFIN BG
SUBJECT ASIAN DEVELOPMENT BANK ANNUAL MEETING

REF: STATE 70314

1. BDG DELEGATION TO ADB ANNUAL MEETING WILL BE LED BY DR: MIRZA NURAL HUDA, PRESIDENTIAL ADVISER FOR MINISTRY OF PLANNING (EQUIVAPENTGWO MINISTER) AND ADB GOVERNOR FOR BANGLADESH. OTHER MEMBERS ARE, TENTATIVELY, A.M.A. MUHITH, SECRETARY FOR PLANNING, EXTERNAP RESOURCES DIVISION, S.A. KHAIR, SECRETARY FOR FINANCE, AND K. MAHMUD, BANGPADESH'S EXECUTIVE DIRECTOR TO THE ADB IN MANILA.

2. BANGLADESH/ADB MATTERS: FAKHRUDDIN AHMED, JOINT SECURE- TARY FOR PLANNING, TOLD EMBOFF MARCH 23 THAT WILL RAISE THE FOLLOWING ISSUES AT THE MEETING CONCERNING TERMS OF ABD LOANS.

A. PROGRAM LOANS: BDG IS PLEASED THAH ADB INTENDS TO BEGIN PROGRAM LENDING, BUT DISAGREES WITH PROPOSAL TO LIMIT PROGRAM LOANS TO 5PERCENT OF ALL ABD LOANS AND 5 PERCENT OF LIMITED OFFICIAL USE

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PAGE 02 DACCA 01774 241625Z

ABD LOANS TO INDIVIDUAL COUNTRIES. BDG WILL PRESS FOR A MORE LIBERAL PROGRAM LOAN TAILORED TO INDIVIDUAL COUNTRY NEEDS RATHER THAN FLAT PERCENT INFORMULAE. ALSO BDG BELIEVES THAT THE PROPOSAL TO TIE PROGRAM LOANS TO CERTAIN SECTORS WHICH WILL BE SELF-SUFFICIENT WITHIN A FIXED PERIOD IS UNREALISTIC. FINALLY, IT DOES NOT SUPPORT PROPOSED LINKING OF ADB LOANS TO

CERTAIN CRITERIA REPEATED TO DRAWINGS ON THE IMF BY
BORROWER COUNTRIES.

B. LOCAL CURRENCY FINANCING: BECAUSE OF
BANGLADESH'S GROWING NEED FOR LOCAL CURRENCY FOR
DEVELOPMENT PROJECTS, BDG WILL PRESS FOR ADB PROJECT
LOAN TERMS WHICH INCREASE LOCAL CURRENCY AVAILABLE
UNDER THESE LOANS THROUGH SOME TYPE OF REVOLVING FUND
OR REIMBURSEABLE ARRANGEMENT.

C. LOCAL PROCUREMENT: BDG ALSO SEEKS ADB LOAN
TERMS AUTHORIZING INCREASED PROCUREMENT OF SUPPLIES
FROM DOMESTIC SOURCES AND HIRING LOCAL EXPERTS FOR
CONSULTANCY AND OTHER SERVICES FOR ADB PROJECTS.

3. U.S./BDG BILATERAL ISSUES: AHMED SAID BDG HAS NO
PARTICULAR BILATERAL ISSUES TO RAISE WITH SECRETARY
BLUMENTHAL IN THE EVENT OF U.S./BDG CONSULTATIONS AT
VIENNA. THIS WAS CONFIRMED BY L. MAJID, JOINT SECRE-
TARY OF PLANNING, WHO IS RESPONSIBLE FOR LIAISON WITH
U.S. MISSION ON AID MATTERS.

4. ISSUES U.S. DELEGATION SHOULD RAISE:

A. OVER THE YEARS THERE HAVE BEEN PROBLEMS OF
INCOMPLETE COORDINATION BETWEEN AID AND USAID AND OTHER
DONORS IN DACCA. WE BELIEVE ADB'S EXTENSIVE PROGRAM
HERE WOULD BE MORE EFFECTIVELY ADMINISTERED AND COORDI-
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PAGE 03 DACCA 01774 241625Z

NATED WITH OTHER DONORS IF A FULL-TIME ADB REPRESENTA-
TIVE WERE ASSIGNED TO BANGLADESH.

B. WE SUPPORT BDG'S INTEREST IN EXTENSIVE PRO-
GRAM LENDING BY ADB. BECAUSE OF LIMITED CAPABILITY
FOR IMPLEMENTATING PROJECTS AND GROWING NEED FOR COMMODITY
IMPORTS, BANGLADESH WOULD GAIN MORE FROM INCREASED
COMMODITY AID FOR STRATEGIC IMPORTS SUCH AS FERTILIZER
THAT FROM ADDITIONAL PROJECT AID.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 23 mar 1978
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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Disposition Reason:
Disposition Remarks:
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ISecure: 1
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